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**UNITE  
HERE!  
LOCAL 11**

# Fair Games

*Los Angeles leaders will decide who wins the economic contest of the 2028 Olympic Games—and who loses*



## Executive summary

The 2028 Olympics presents Los Angeles a once-in-a-generation opportunity to transform our city and promote economic equity for the tens of thousands of hospitality workers who will make the Games succeed. The 32,000 hospitality worker members of UNITE HERE Local 11 call upon Los Angeles leaders and others involved to ensure that the Olympic Games create quality, family-sustaining hospitality jobs, advance Black workers, and protect affordable housing. City leaders are set to make decisions on key issues that could negatively impact our communities without sufficient transparency or public input: adding a vacation rental loophole for the wealthy to our Home Sharing Ordinance, expanding the airport, handouts to billion-dollar airport companies, and signing an Olympics Games Agreement that will burden the City and its residents with new obligations. These decisions will determine whether Los Angeles takes advantage of our golden opportunity or repeats the history of displacement, homelessness, environmental degradation, and disrespect that have marred recent Olympic Games.



## Introduction

Some of the world's most monumental athletic events will come to Los Angeles over the next seven years. Between the Super Bowl LVI, Major League Baseball's All-Star Game, College Football Playoff National Championship, NCAA, US Open Golf Tournament, FIFA World Cup, and the Olympic and Paralympic Games, these global events will spark a massive building boom in tourism infrastructure and have lasting impacts on the fate of our city. These new infrastructure, policy, and jobs opportunities present an unprecedented opportunity to commit our collective resources to transform Los Angeles. Our city leaders will decide who wins and who loses in the process—and by how much.

The 32,000 members of UNITE HERE Local 11, many of whom will welcome our visitors and also are renters in a city ravaged by a housing crisis, believe that the professional tourism workers who will make these events successful must be among those who benefit from these decisions.

## The Olympics must improve the lives of Angelenos in three key areas

### *Good hospitality jobs*

The COVID-19 pandemic has made clearer than ever the difference between good and bad hospitality jobs. Some hospitality companies—particularly those where workers have a voice at work through a union—recognized veteran workers' right to return to work, accommodated workers' COVID-19 safety needs, and extended health insurance. However, many other employers terminated long-tenured employees *en masse*, leaving them



without job security or health insurance during a global pandemic. Many employers have also paid poverty wages and failed to provide health and safety protections. If the Olympics will benefit our communities made up of working people, we need to ensure that the workers whose labor will make the Games possible have good, family-sustaining jobs.

### *Hiring and retention of Black workers*

Black workers are underrepresented in accommodation and food service jobs.<sup>i</sup> Even when they are employed in hotels, Black workers often work out of sight, like

telephone operators who sit in rooms behind the front desk or bell attendants who are guest-facing but constrained by racial stereotypes. Black workers are less likely than white workers to hold high-paying positions like bartenders and servers. Recent pending lawsuits that Black workers at the iconic Chateau Marmont hotel on Sunset Boulevard have filed alleging race discrimination and sexual harassment highlight how workers are demanding change. The leaders of Los Angeles and of the Olympic Games must heed their calls.

### *End the housing crisis*



Angelenos face a housing crisis that hurts the working poor. In decisions they make around the Olympics, city leaders could exacerbate this problem by converting housing into short-term rentals (STRs) through an official partnership with Airbnb, continuing the pressure on housing costs. The alternative is protecting existing renters and forcing the Olympics to meaningfully contribute to affordable housing production.

### *What's at stake now*

City leaders are set to make three decisions that could negatively impact our communities without sufficient transparency or public input, setting a disturbing trend for similar decisions in the coming months and years.

In the immediate term, the Los Angeles City Council must **reject the proposed vacation rental loophole, reject the LAX expansion and unnecessary handouts to concessions companies, and delay the vote on the Olympic Games Agreement until the public has had ample opportunity to weigh in on an agreement has thus far been shrouded in secrecy.** This paper explains the context and implications of each of these upcoming issues.

In the longer term, City Council must heed our calls for transparency and work with community groups and working people to plan for these upcoming events. If City Council refuses to put affirmative protections in place, Los Angeles risks the same lasting harms that other Olympic host cities have suffered.



## 1. Reject the proposed vacation rental loophole

### *Vulnerable residents lose when their hometown hosts the Olympics*

Olympics-related development has displaced thousands of residents from host cities around the world. In preparation for the 1996 Atlanta Olympics, the city demolished 2,000 public housing units to build the Olympic village. The city evicted more than 3,000 residents, but only 40% received relocation assistance.<sup>ii</sup> Gentrification displaced an additional 30,000 residents.<sup>iii</sup>

In an attempt to avoid contributing to the history of displacement, London 2012 organizers promised a legacy of affordable housing for the low-income neighborhoods where the Games were located. The city invested \$70.75 million to build 1,550 units of housing for Olympic athletes that would become affordable units after the Games. However, post-Olympics gentrification drove area housing prices up by 25% per year, quickly transforming the once-affordable units into unaffordable ones.<sup>iv</sup> By 2017, homelessness in the area was 60% higher than a year before the Games.

The pattern of displacement continued at the 2016 Rio de Janeiro Games, where Olympics projects displaced more than 22,000 people;<sup>v</sup> and at least 300 households were displaced in Tokyo to make way for the most recent Olympic Games there.<sup>vi</sup>

## *A boom in short-term rentals has long-term consequences for residents*

The pattern of displacement in Olympic host cities looms over Los Angeles and our unprecedented housing crisis, driven in part by an industry of short-term rentals on platforms like Airbnb.<sup>vii</sup> Los Angeles estimates that 6,000 to 10,000 housing units have been taken off the market and converted into short term rentals in recent years.<sup>viii</sup>

In heavily rent-burdened cities like Los Angeles, researchers have linked a shrinking housing supply to a rapid rise in homelessness.<sup>ix</sup> According to researchers at USC, 73% of Los Angeles households are rent-burdened, meaning that they spend more than 30% of their income on rent and utilities.<sup>x</sup> Furthermore, 48% of households are severely rent-burdened, spending 50% or more of their income on housing.<sup>xi</sup> Even before the start of the pandemic, more than 41,000 people were unhoused in LA—an 8.6% increase from the same time in 2019.<sup>xii</sup> Tens of thousands more Angelenos are currently at risk of homelessness due to the skyrocketing cost of rent. A 2018 study found that if housing unaffordability forces renters to spend even 2% more of their income on housing, an additional 4,227 people will likely become homeless.<sup>xiii</sup>



In 2018, recognizing that “the conversion of long-term housing units to short-term rentals reduces housing stock and contributes to increased rents and decreased availability of affordable housing,” the Los Angeles City Council passed the Home-Sharing Ordinance (HSO). The HSO protects rental housing stock by limiting short-term rentals to a host’s primary residence; hosts cannot maintain multiple properties as short-term rentals and effectively remove those units from the long-term rental market.

However, Los Angeles has not yet enforced this ordinance adequately. In 2021, McGill University researchers found that short-term rentals—over a third of which were illegal—had removed 7,300 units from L.A.’s long-term housing market at the start of the pandemic.<sup>xiv</sup>



Despite the negative impacts of STRs on our communities, Airbnb and the International Olympic Committee (IOC) launched an official partnership in 2019, promising accommodations over the next nine years in the selected host cities, including in Los Angeles.<sup>xv</sup> As L.A. prepares for millions of visitors during the 2028 Olympics and other events, decisions about STRs will reshape the Los Angeles rental market.

This fall, City Council will vote on a proposed loophole to the HSO that would allow hosts to rent a second home in addition to their primary residence. If passed, this loophole would remove more than 14,000 housing units from the long-term market and make enforcement of the HSO even more difficult.<sup>xvi</sup> Because of these urgent concerns, City Council should vote no on the HSO loophole.

## **2. Reject proposed LAX expansion and handouts to concessionaires**

### *Expanding the airport could make current problems bigger*

Los Angeles World Airports (LAWA) and the Los Angeles City Council are rapidly pushing for an expansion of LAX in preparation for the 2028 Olympic and Paralympic Games. The proposed expansion would construct Concourse 0 and Terminal 9, adding more than two dozen gates and reconfiguring runways and taxiways. Los Angeles has not done enough to ensure that this investment in the nation’s second-busiest airport will benefit its workers as much as it will benefit the corporations that do business there.

While LAWA estimates this expansion will create 4,700 new long-term jobs, there is no guarantee that these jobs will pay workers enough to live near their workplace in our region's increasingly unaffordable housing market. This could lead to increased traffic and negative impacts on air quality for the very workers who would be most impacted by the project. The expansion will produce additional air travel that will negatively impact air quality in precisely the flight-path communities where many airport workers currently reside.



### *End bailouts to billionaire companies that don't need them*

In addition to benefits that corporate entities may gain from the proposed airport expansion, the LAWA Board of Airport Commissioners (BOAC) provided concessionaires at LAX more than \$160 million in relief since April 2020. Throughout the pandemic, BOAC suspended the minimum annual guarantee (MAG), a method to calculate rent for airport tenants. The effect drastically reduced rent for concessionaires from April 2020 through June 2021. In addition, concessionaires received a 24-month term extension to their leases, automatically giving these companies an opportunity to generate more sales without having to re-bid. Now, these corporations are lining up to receive their share of an additional \$36.78 million in American Rescue Plan Act funding. Later this fall, the City Council will decide whether to approve the BOAC's plan to allocate this grant money.

One of the concessionaires that greatly benefited from the relief provided by BOAC is HMS Host, the largest concessionaire at LAX and in North America. HMS Host is owned by Italian billionaires through their holding company, Edizione, which had a net asset value of \$12.5 billion in 2020.

At LAX, the MAG abatement for HMS Host's two direct contracts saved the firm \$4.4 million, equivalent to HMS Host paying no minimum rent for nine out of the 15 months between April 2020 and June 2021. The company likely saved a similar amount in the relief passed on to it from terminal manager URW, where HMS Host has additional private leases.



Meanwhile, HMS Host has not passed this relief on to its workers. The Los Angeles Bureau of Contract Administration found that HMS Host violated the City's living wage ordinance by paying workers less than the law requires. HMS Host also has dragged out a labor dispute that started well before the pandemic to save money that should have been in workers' pockets during their time of greatest need. Hundreds of long-term workers have gone without a raise for more than three years.

Finally, while companies like HMS Host have seen LAX domestic passenger return in August of this year to 73% of August 2019 passenger traffic levels, these companies have not staffed their food service outlets at commensurate levels. In August, workers wrote to Starbucks Corporation raising these staffing concerns. At a Starbucks in Terminal 2, sales increased by 36% from June 2019 to June 2021, but

staffing hours decreased by 13% over the same period, meaning that this location increased their sales but with fewer staff. A second location in Terminal 2 (in pre-security) recovered 100% of their sales from June 2019 to June 2021, but staffing hours decreased by 25% over the same period.

Airport workers, over 90% of whom are people of color and who live in the neighborhoods hardest hit by the pandemic, are overworked and frustrated with having to attend to long lines of often angry customers—if they have been called back to work at all. Our city should not give out even more handouts to wealthy companies that do not need them.

### 3. Delay the vote on the Olympic Games Agreement

*The public needs ample time to review what has been so far clouded in secrecy*



No later than November 1, the Los Angeles City Council is scheduled to vote to enter into the Olympic Games Agreement with the United States Olympic and Paralympic Committee and LA28—the private nonprofit responsible for financing, organizing, and delivering the 2028 Games. Similar agreements for past Olympics have contained detailed descriptions of each entity’s obligations, financing, timelines, and

legacy projects. Disturbingly, City Council, Mayor Garcetti, and LA28 appear bent on signing this landmark agreement without any public input or transparency.

Previous comparable agreements have contained issues of significant public interest. The Tokyo Games Foundation Plan for the 2020 Olympic Games outlined duties for “Marketing Partner Services” that included “ensur[ing] that various rights, including supply rights [for Marketing Partners] are executed.”<sup>xvii</sup> As mentioned above, one official Olympic partner is Airbnb. Given the potential impacts of short-term rental expansion outlined above, this kind of arrangement would be an issue of great public concern. Another area of potential public concern is security planning, and previous agreements outlined host cities’ commitments to security measures.<sup>xviii</sup> The Olympics has a history of expanding police budgets and increasing the surveillance and criminalization of host cities’ marginalized communities—including in Los Angeles after the 1984 Games. The public deserves an opportunity to provide input on these and other matters that will be proposed in the agreement.

Members of the public, including representatives of UNITE HERE Local 11 and NOlympics LA, have failed over the past several months to obtain draft copies of the Games Agreement or related records from various city offices through formal Public Records Act requests. This lack of transparency renders it nearly impossible for the people of Los Angeles to know exactly what the city's leaders and bureaucrats are planning on their behalf and chokes off their ability to advocate for or against specific decisions.

## Conclusion

The Olympics tourism infrastructure boom can transform the lives of L.A.'s working families, but only if City Council heeds workers' calls and acts immediately. Upcoming decisions on the vacation rental loophole, LAX expansion and relief, and the Olympic Games Agreement represent a turning point for Los Angeles as rising inequality threatens the city's prosperity.



Decisions about Olympics infrastructure could stem this rising tide of inequality. Olympic planners estimate that the 2028 Games will support more than 74,000 jobs—but they must be good jobs to end the cycle of poverty for L.A.'s working poor.<sup>xix</sup> New hospitality jobs must include and protect Black workers, who have been historically displaced and excluded from better, higher-paying jobs. Finally, the Olympics must contribute to solving the city's affordable housing crisis and ensure that our region remains accessible to working people.

An equitable and just 2028 Olympics is possible if our leaders center good, family-sustaining jobs for hospitality workers; the hiring and retention of Black workers; and addressing the housing crisis for the workers who welcome visitors to our city. If L.A. and Olympics decision-makers follow these three principles, the Games can transform our city for the better.

## Endnotes

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